GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2437
ANSWERED ON:18.03.2005
PRIVATE BANKS
Murmu Shri Rupchand

Will the Minister of FINANCE be pleased to state:

(a) whether private sector banks have been inspected by Reserve Bank of India during 2003-04 and 2004-05;

(b) if so, the details thereof;

(c) the shortcomings/irregularities noticed by the inspecting team during their inspections; and

(d) the action taken by the RBI against the private sector banks for committing irregularities?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) The working of Banks and Financial Institutions is reviewed on a continued basis by RBI. All the private sector banks have already been inspected by RBI for 2003-04 and the inspection for 2004-05 would be completed by March 2006.

(c) and (d) All cases of divergence and non-implementation of guidelines of RBI by banks detected during the course of inspection are reviewed and taken up with the managements of the respective banks for corrective action. The irregularities mainly relate to divergence in provisioning, high level of NPAs, practice of swapping of non-performing assets (NPAs) amongst banks, deficiency in internal control, transgression of delegated powers, inadequacy of provisioning of terminal benefits, frauds and slippage of income etc.